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Report Highlights:

Inflation at a 14-month high..., *...Government announces measures to check price rise*,
Sugar export subsidy extended through September 2008, *Mango output may go up by 12
percent*, *Pepsico to enter India's vegetable juice market*, *Genetic panel okays new pleas
for Bt Cotton release*.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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INFLATION AT A 14-MONTH HIGH ...

Inflation measured by the wholesale price index (WPI) rose to 6.68 percent for the week ending March 15, sharply higher than the previous week's 5.92 percent. Inflation for the latest reported week was the highest since January 27, 2007 (6.69 percent), and the fourth consecutive week that inflation has ruled above the five percent "tolerance limit" set by the Reserve Bank of India for IFY 2007/08. The rise in year-on-year prices of products was stoked by an increase in prices across all major heads of the WPI, with inflation in the Primary Articles group rising 7.76 percent, fueled by cereals (up 6.17 percent), vegetables (up 3.87 percent), milk (up 9.71 percent), and oilseeds (up 20.12 percent). (Source: Business Line, 03/29/08)

...GOVERNMENT ANNOUNCES MEASURES TO CHECK PRICE RISE

The Cabinet Committee on Prices, which met on March 31, 2008, announced the following measures to check the price rise:

- There will be a ban on the export of non-basmati rice. For basmati rice the minimum export price will be increased to \$1200 per ton.
- Crude (unrefined) edible oils will be allowed to be imported at zero duty and refined oils at 7.5 percent duty. This will apply to among other oils, palm oil, sunflower seed oil, soybean oil, coconut oil, and peanut oil.
- Hydrogenated vegetable fats and oils will also be allowed to be imported at a 7.5 percent duty.
- Wherever tariff values (reference price) have been established, those tariff values will continue until further revision is announced.
- The ban on exports of pulses will be extended for one more year beginning April 1, 2008.
- The custom duty on butter and ghee (butter oil) will be reduced from 40 percent to 30 percent.
- The custom duty on corn will be reduced from 15 percent to zero percent under the Tariff Rate Quota of 500,000 ton.

(Source: GOI Press Information Bureau, 04/01/08)

SUGAR EXPORT SUBSIDY EXTENDED THROUGH SEPTEMBER 2008

The government has extended the export subsidy to sugar mills by six months up to September 30, 2008, or until further orders, whichever is earlier, a government statement said. The subsidy was to expire on March 31, 2008. The government gives mills in coastal areas a subsidy of Rs. 1,350 (\$33.75) per ton for exports, and those in the north receive Rs. 1,450 (\$36.25) per ton. (Source: Business Line, 04/04/08)

MANGO OUTPUT MAY GO UP BY 12 PERCENT

Mango production this year is expected to increase by 12 percent to 14 million tons. According to the president of the Mango Growers Association of India, this year there has been good flowering in mango orchards so the production is expected to increase in all major mango growing states. Mango varieties like 'Safeda' and 'Totapuri' from Andhra Pradesh have already arrived in the Delhi market and are selling at around 1-1.3 \$ per kilogram. According to a wholesale trader, although the crop is expected to be high in Andhra Pradesh, the quality of fruits was affected by hail storms. Therefore, the price trend would only be judged after the major arrival of the crop in the market. (Source: The Business Line, 04/01/08)

PEPSICO TO ENTER INDIA'S VEGETABLE JUICE MARKET

Pepsico India is planning to target the \$300 million juice and juice based drink market by launching vegetable based drinks. According to a company official, project development including blending is currently operational at an R&D center in Gurgaon. The blended fruit and vegetable juices have good demand in the international market and likewise are expected to have encouraging domestic demand as well. Currently, the juice and juice based drink segment in India is growing at 18-20 percent. Pepsico has already started shifting focus from carbonated beverages to juice and juice based drinks to follow its strategy to emerge as a company focused on health issues. (Source: The Financial Express, 03/29/08)

GENETIC PANEL OKAYS NEW PLEAS FOR BT COTTON RELEASE

The Genetic Engineering Approval Committee (GEAC) has considered applications for commercial release of Bt cotton expressing approved gene events. GEAC is expected to discuss applications related to field trials and commercial approval of transgenic hybrids expressing cry 1 Ac gene (MON 531 event), stacked genes cry1Ac and cry 2 Ab (Mon 15985 event), GFM cry 1A and cry 1 Ac event-1. Additionally, GEAC also discussed applications for field trials of Bt cotton expressing approved gene events in North India during the summer 2008, which were recommended by the monitoring and evaluation committee and the review committee on genetic manipulation. The decision was taken in the first meeting of GEAC after the ban on fresh approvals of genetically modified crops was lifted by the apex court. (Source: The Financial Express, 04/03/08)

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